

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02370A
Chino Meadows II Water Company
PO Box 350
Chino Valley, AZ 86323

RECEIVED

APR 11 2006

**Z Corporation Commissic
Director of Utilities**

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
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FOR COMMISSION USE

ANN04	05
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entered
4-12-06
RF

COMPANY INFORMATION

Company Name (Business Name) <u>Chino Meadows II Water Co.Inc.</u>			
Mailing Address <u>2465 W. Shane Drive</u>			
<u>Prescott</u> (City)	<u>AZ</u> (State)	<u>86305</u> (Zip)	
<u>(928) 717-2616</u> Telephone No. (Include Area Code)	<u>(928) 717-2621</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>2465 W. Shane Drive</u>			
<u>Prescott</u> (City)	<u>AZ</u> (State)	<u>86305</u> (Zip)	
<u>(928) 717-2616</u> Local Office Telephone No. (Include Area Code)	<u>(928) 717-2621</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>Paul D. Levie</u>				<u>President</u>
			(Name)	(Title)
<u>2465 W. Shane Drive</u> (Street)	<u>Prescott</u> (City)	<u>AZ</u> (State)	<u>86305</u> (Zip)	
<u>(928) 717-2616</u> Telephone No. (Include Area Code)	<u>(928) 717-2621</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)		
Email Address _____				
On Site Manager: <u>Paul D. Levie</u>				
				(Name)
<u>2465 W. Shane Drive</u> (Street)	<u>Prescott</u> (City)	<u>AZ</u> (State)	<u>86305</u> (Zip)	
<u>(928) 717-2616</u> Telephone No. (Include Area Code)	<u>(928) 717-2621</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)		
Email Address _____				

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Paul D. Levie

(Name)

2465 W. Shane Drive

Prescott

AZ

86305

(Street)

(City)

(State)

(Zip)

(928) 717-2616

(928) 717-2621

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Paul D. Levie

(Name)

2465 W. Shane Drive

Prescott

AZ

86305

(Street)

(City)

(State)

(Zip)

(28) 717-2616

(928) 717-2621

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

Chino Meadows II Water Co., Inc

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	6,843.02	5,138.65	1,704.37
302	Franchises			
303	Land and Land Rights	15,204.06	0	15,204.06
304	Structures and Improvements	44,339.01	20,454.54	23,884.47
305	Collecting & Impound Wells and Springs	4,349.74	1,801.12	2,548.62
309	Supply Main	27,448.37	18,178.21	9,270.16
311	Pumping Equipment	1,009.21	492.10	517.11
320	Water Treatment Equipment	44,041.10	21,611.69	22,429.41
330	Distribution Reservoirs and Standpipes	5,105.83	1,679.01	3,426.82
331	Transmission and Distribution Mains	51,683.88	35,673.51	16,010.37
333	Services	266,539.46	197,837.94	68,701.52
334	Meters and Meter Installations	30,067.16	16,070.42	13,996.74
335	Hydrants	74,838.74	43,007.38	31,831.36
336	Backflow Prevention Devices	12,041.55	5,557.63	6,483.92
339	Other Plant and Machinery			
340	Office Furniture and Equipment	16,479.61	2,430.75	14,048.86
341	Transportation Equipment	8,621.15	4,706.63	3,914.52
343	Tools, Shop and Garage Equipment	71,888.17	19,590.48	52,297.69
344	Laboratory Equipment			
345	Power Operated Equipment	949.18	371.32	577.86
346	Communication Equipment			
347	Computer Software	24,704.47	12,329.39	12,375.08
348	Other Tangible Plant			
	TOTALS	728,237.21	408,753.18	319,484.03

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Chino Meadows II Water Co., Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	6,843.02	5%	342.15
302	Franchises			
303	Land and Land Rights	15,204.06		0
304	Structures and Improvements	44,339.01	5%	2,216.96
305	Collecting & Impound	4,349.74	5%	217.49
307	Wells and Springs	27,448.37	5%	917.62
309	Supply Mains	1,009.21	5%	50.46
311	Pumping Equipment	44,041.10	5%	2,187.47
320	Water Treatment Equipment	5,105.83	5%	255.28
330	Distribution Reservoirs and Standpipes	51,683.88	5%	2,584.19
331	Transmission and Distribution Mains	266,539.46	5%	4,728.44
333	Services	30,067.16	5%	1,131.96
334	Meters and Meter Installations	74,838.74	5%	3,741.96
335	Hydrants	12,041.55	5%	602.08
336	Backflow Prevention Devices			
339	Other Plant and Miscellaneous ^{Structures} Equipment	16,479.61	5%	823.98
340	Office Furniture and Equipment	8,621.15	5%	431.05
341	Transportation Equipment	71,888.17	5%	3,594.41
343	Tools, Shop and Garage Equipment	949.18	5%	47.46
344	Laboratory Equipment			
345	Power Operated Equipment	24,704.47	5%	1,235.22
346	Communication Equipment			
347	Miscellaneous ^{Computer Software} Equipment	22,083.50	3.3%	1,104.17
348	Other Tangible Plant			
	TOTALS	728,237.21		26,211.75

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME	Chino Meadows II Water Co., Inc
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BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 34,112.06	\$ 40,458.15
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	26,125.42	26,137.94
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	3,136.40	2,416.67
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 66,233.88	\$ 69,256.58
	FIXED ASSETS		
101	Utility Plant in Service	\$ 724,636.93	\$ 732,889.92
103	Property Held for Future Use	298.47	
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(382,521.45)	(408,753.18)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 342,413.95	\$ 324,136.74
	TOTAL ASSETS	\$ 408,647.83	\$ 393,393.32

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Chino Meadows II Water Co., Inc

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 3,216.40	\$ 927.22
232	Notes Payable (Current Portion)	32,927.22	26,699.56
234	Notes/Accounts Payable to Associated Companies	28,481.27	23,483.27
235	Customer Deposits	32,077.88	43,529.09
236	Accrued Taxes	(773.99)	8,358.97
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$95,827.86	\$102,998.11
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 23,865.20	\$ 4,986.87
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	121,539.22	119,355.61
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	12,473.78	12,473.78
272	Less: Amortization of Contributions	(2,630.87)	(2,630.87)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$131,382.13	\$ 129,198.52
	TOTAL LIABILITIES	\$251,075.19	\$237,183.50
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$8,597.00	\$ 8,597.00
211	Paid in Capital in Excess of Par Value	80,266.00	80,266.00
215	Retained Earnings	(47,166.98)	(34,209.69)
218	Proprietary Capital (Sole Props and Partnerships)	16,801.22	2,510.10
	TOTAL CAPITAL	\$142,177.67	\$ 142,148.68
	Treasury Stock	(43,102.27)	(43,102.27)
	Total Capital	157,572.64	156,209.82
	TOTAL LIABILITIES AND CAPITAL	\$408,687.83	\$ 393,393.32

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 317,940.14	\$ 344,633.05
460	Unmetered Water Revenue		
474	Other Water Revenues	5,470.65	9,327.66
	TOTAL REVENUES	\$ 323,410.79	\$ 353,960.71
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 98,000.12	\$ 89,399.31
610	Purchased Water	296.08	
615	Purchased Power	17,881.40	17,032.72
618	Chemicals		
620	Repairs and Maintenance	28,425.70	34,204.20
621	Office Supplies and Expense	17,876.79	21,662.52
630	Outside Services	25,726.31	66,956.69
635	Water Testing	4,032.43	4,246.00
641	Rents	9,000.00	9,000.00
650	Transportation Expenses	24,732.26	27,109.39
657	Insurance – General Liability	15,824.00	14,858.00
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case	1,155.34	45.00
675	Miscellaneous Expense	2,834.01	2,521.46
403	Depreciation Expense	33,360.18	26,211.75
408	Taxes Other Than Income	5,992.98	16,222.88
408.11	Property Taxes	14,073.70	16,030.75
409	Income Tax	309.50	
	TOTAL OPERATING EXPENSES	\$299,520.80	\$ 345,500.67
	OPERATING INCOME/(LOSS)	\$ 23,889.99	\$ 8,460.04
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(2,049.71)	(164.82)
427	Interest Expense	(5,039.36)	(5,788.15)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (7,088.77)	\$ (5,949.94)
	NET INCOME/(LOSS)	\$ 16,801.22	\$ 2,510.10

COMPANY NAME

Chino Meadows II Water Co., Inc

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	06/13/96	07/03/98		
Source of Loan	Wells Fargo	Bank One		
ACC Decision No.	59703	61714		
Reason for Loan	New Well & Tank	Officer Transportation		
Dollar Amount Issued	\$85,000.00	\$32,390.19	\$	\$
Amount Outstanding	\$4,269.64	\$717.23	\$	\$
Date of Maturity	06/13/06	11/14/05		
Interest Rate	10%	8.74%	%	%
Current Year Interest	\$ 1,123.02	\$ 202.67	\$	\$
Current Year Principle	\$12,439.06	\$ 7,036.34	\$	\$

Meter Deposit Balance at Test Year End

\$ 100,351.70

Meter Deposits Refunded During the Test Year

\$ 2,183.61

COMPANY NAME

Chino Meadows II Water Co., Inc

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
552320	15	200+	335	8	3	1995
613720	20	250	450	12	3	1979

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
15	4 (1 Standby)	7	3
25	1		
5	2		
10	1		
7.5	2 (Standby)		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
67,000	1	5,000	2
20,000	1	1,000	1
10,000	2		

COMPANY NAME Chino Meadows II Water Co., Inc

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Sch 40	1,587
3	Sch 40	951
4	Sch 160	5,823
5		
6	Sch 160	67,763
8	SDR 26	3,763
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	895
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

1-Quansit Bldg-shop 26x38
 2-Block Bldgs Pressure & Pump House (20x21 & 16x20)
 1-Freame Bldg Pressure Pump House 75x18

STRUCTURES:

OTHER:

COMPANY NAME: Chino Meadows II Water Co., Inc

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	867	3,666,673	
FEBRUARY	869	3,212,420	
MARCH	873	4,384,460	
APRIL	869	4,072,960	
MAY	885	6,495,306	
JUNE	883	5,491,236	
JULY	883	6,967,948	
AUGUST	895	5,424,991	
SEPTEMBER	887	6,040,352	
OCTOBER	883	4,553,017	
NOVEMBER	897	3,898,420	
DECEMBER	889	3,760,507	
TOTAL		57,968,290	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(x) Yes

() No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

(x) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. .006 mg/l Tri Tanks
(If more than one well, please list each separately.) .006 1800 Donna

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Chino Meadows II Water Co., Inc YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 16,030.75

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

APR 11 2006

Z Corporation Commissic
Director of Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
<u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>Paul D. Levie</u> <u>President</u>
COMPANY NAME
<u>Chino Meadows II Water Co., Inc</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

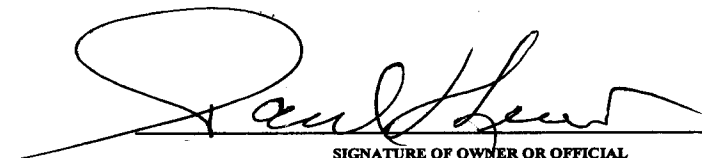
MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

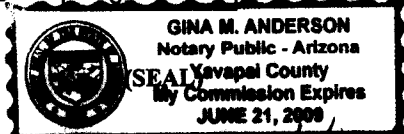

SIGNATURE OF OWNER OR OFFICIAL

(928) 717-2616
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 6 DAY OF



MY COMMISSION EXPIRES 6/21/09

COUNTY NAME
<u>Yavapai</u>
MONTH <u>April</u> <u>2006</u>


SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Chino Meadows II Water Co., Inc

YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported to be determined
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported to be determined
Estimated or Actual State Tax Liability _____


Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances To be determined
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE April 6, 2006
DATE

Paul D. Levie
PRINTED NAME President
TITLE

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED

APR 11 2006

Z Corporation Commissic
Director of Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Yavapai
NAME (OWNER OR OFFICIAL) TITLE	Paul D. Levie President
COMPANY NAME	Chino Meadows II Water Co., Inc

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 345,500.67

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 2,700.76
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SIGNATURE OF OWNER OR OFFICIAL

(928) 717-2616

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

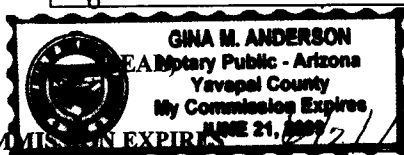
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

6

DAY OF

COUNTY NAME	Yavapai
MONTH	April
	20_06



MY COMMISSION EXPIRES

SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

APR 11 2006

Z Corporation Commission
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <p style="text-align: center;">Yavapai</p>	
NAME (OWNER OR OFFICIAL) <p style="text-align: center;">Paul D. Levie</p>	TITLE <p style="text-align: center;">President</p>
COMPANY NAME <p style="text-align: center;">Chino Meadows II Water Co., Inc</p>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 345,500.67

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 2,700.76
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

(928) 717-2616

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

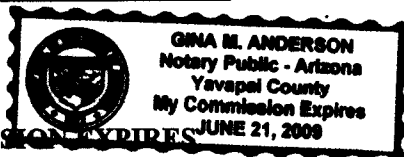
6

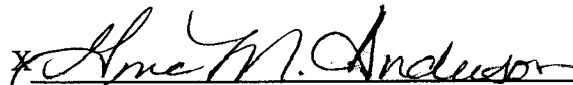
DAY OF

NOTARY PUBLIC NAME <p style="text-align: center;">Gina M. Anderson</p>	
COUNTY NAME <p style="text-align: center;">Yavapai</p>	
MONTH April	.2006

(SEAL)

MY COMMISSION EXPIRES




SIGNATURE OF NOTARY PUBLIC

6/21/09

Revised

3/13/2006
11:31

CHINO MEADOWS II WATER COMPANY
Federal ID #:
Asset Summary - Federal Tax Basis
Period Ended 12/31/05

Company: CMW
Page: 1

Num	Loc	Property Description	Acquired	T	Method	Life	Cost/Basis	179 Exp/AFD	Add SDA	Prior Depr.	Current Depr.	Ending Depr.
Group # 1 ORGANIZATION												
1	1	ORGANIZATION COST	12/31/94	N	SL	20	6,843.02	0.00	0.00	4,796.50	342.15	5,138.65
Group # 1 Total							<u>6,843.02</u>	<u>0.00</u>	<u>0.00</u>	<u>4,796.50</u>	<u>342.15</u>	<u>5,138.65</u>
Group # 2 LAND & LAND RIGHTS												
2	1	Land - Lot 639	12/15/98	R			9,000.00	0.00	0.00	0.00	0.00	0.00
3	1	Remaining Basis of Land	05/06/99	R			6,204.06	0.00	0.00	0.00	0.00	0.00
Group # 2 Total							<u>15,204.06</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Group # 3 STRUCTURES & IMPROVEMENTS												
1	1	STRUCTURES & IMPR	12/31/94	N	SL	20	6,275.81	0.00	0.00	3,646.90	313.79	3,960.69
2	1	STEELMASTER BLDG	12/27/95	N	SL	20	500.00	0.00	0.00	225.00	25.00	250.00
3	1	STEELMASTER BLDGS	12/29/95	N	SL	20	4,075.00	0.00	0.00	1,833.75	203.75	2,037.50
4	1	Unit Installation	09/18/95	N	SL	20	464.31	0.00	0.00	214.78	23.22	238.00
5	1	New Building	05/15/96	N	SL	20	4,674.00	0.00	0.00	2,025.40	233.70	2,259.10
6	1	Pumphouse & Shed	05/15/96	N	SL	20	2,509.24	0.00	0.00	1,087.32	125.46	1,212.78
7	1	Pumphouse	07/09/97	N	SL	20	5,157.35	0.00	0.00	1,934.02	257.87	2,191.89
8	1	Pumphouse	08/14/97	N	SL	20	445.29	0.00	0.00	165.10	22.26	187.36
9	1	Pumphouse	09/12/97	N	SL	20	1,025.00	0.00	0.00	375.83	51.25	427.08
10	1	Pumphouse	10/27/97	N	SL	20	603.71	0.00	0.00	216.36	30.19	246.55
11	1	Pumphouse	11/11/97	N	SL	20	3,500.00	0.00	0.00	1,254.17	175.00	1,429.17
12	1	NEW PUMPHOUSE	12/18/97	N	SL	20	569.34	0.00	0.00	199.29	28.47	227.76
13	1	NEW PUMPHOUSE	12/23/97	N	SL	20	1,944.40	0.00	0.00	680.54	97.22	777.76
14	1	Pumphouse	01/02/98	N	SL	20	6,500.00	0.00	0.00	2,275.00	325.00	2,600.00
17	1	Pumphouse	02/11/98	N	SL	20	5,623.18	0.00	0.00	1,944.69	281.16	2,225.85
18	1	Pumphouse	04/09/98	N	SL	20	472.38	0.00	0.00	159.43	23.62	183.05
Group # 3 Total							<u>44,339.01</u>	<u>0.00</u>	<u>0.00</u>	<u>18,237.58</u>	<u>2,216.96</u>	<u>20,454.54</u>
Group # 4 WELLS AND SPRINGS												
1	1	WELLS AND SPRINGS	12/31/94	N	SL	20	9,095.99	0.00	0.00	9,095.99	0.00	9,095.99
2	1	C.E.T. WELL DRILLIN	12/14/95	N	SL	20	11,534.63	0.00	0.00	5,238.63	576.73	5,815.36
3	1	Well	05/21/96	N	SL	20	6,817.75	0.00	0.00	2,925.97	340.89	3,266.86
Group # 4 Total							<u>27,448.37</u>	<u>0.00</u>	<u>0.00</u>	<u>17,260.59</u>	<u>917.62</u>	<u>18,178.21</u>
Group # 5 ELECTRIC PUMPING EQUIP.												
1	1	ELEC. PUMPING EQUI	12/31/94	N	SL	20	11,914.75	0.00	0.00	8,904.40	595.74	9,500.14
2	1	VALLEY PUMP SERVI	12/29/95	N	SL	20	7,318.45	0.00	0.00	3,293.28	365.92	3,659.20
3	1	New Booster Pump	09/05/95	N	SL	20	3,403.42	0.00	0.00	1,588.25	170.17	1,758.42
4	1	Turner/Booster Pump	09/18/95	N	SL	20	1,500.00	0.00	0.00	693.75	75.00	768.75
5	1	Turner/Booster Pump	11/06/95	N	SL	20	1,879.46	0.00	0.00	861.39	93.97	955.36
6	1	Pump	05/09/97	N	SL	20	1,251.11	0.00	0.00	479.62	62.56	542.18
7	1	Pump	06/03/97	N	SL	20	2,234.96	0.00	0.00	847.44	111.75	959.19
8	1	New Pumps	02/13/98	N	SL	20	5,302.64	0.00	0.00	1,833.82	265.13	2,098.95
9	1	3 Phase Electric	01/19/00	N	SL	20	3,308.61	0.00	0.00	813.36	165.43	978.79
10	1	New Pumps - 2	07/27/04	N	SL	20	5,227.58	0.00	0.00	108.91	261.38	370.29
11	1	Century Pump & Hoses	05/24/05	N	SL	20	700.12	0.00	0.00	0.00	20.42	20.42
Group # 5 Total							<u>44,041.10</u>	<u>0.00</u>	<u>0.00</u>	<u>19,424.22</u>	<u>2,187.47</u>	<u>21,611.69</u>
Group # 6 WATER TREATMENT EQUIP.												
1	1	WATER TREATMENT	12/31/94	N	SL	20	1,515.48	0.00	0.00	835.70	75.77	911.47
2	1	BLAINE INGRAM INC.	12/15/95	N	SL	20	738.84	0.00	0.00	335.54	36.94	372.48

3/13/2006
11:31

CHINO MEADOWS II WATER COMPANY

Federal ID #:

Asset Summary - Federal Tax Basis

Period Ended 12/31/05

Company: CMW

Page: 2

<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 6 WATER TREATMENT EQUIP. (Continued)												
3	1	Digital Chlorinator	04/07/95	N	SL	20	258.00	0.00	0.00	125.78	12.90	138.68
4	1	Chlorine Mixer	05/15/96	N	SL	20	292.43	0.00	0.00	126.71	14.62	141.33
5	1	Chlorinators	01/01/05	N	SL	20	2,301.08	0.00	0.00	0.00	115.05	115.05
Group # 6 Total							<u>5,105.83</u>	<u>0.00</u>	<u>0.00</u>	<u>1,423.73</u>	<u>255.28</u>	<u>1,679.01</u>
Group # 7 DISTRIBUTIONS RESERVOIRS												
1	1	DIST. RESERVOIRS	12/31/94	N	SL	20	32,721.47	0.00	0.00	24,473.70	1,636.07	26,109.77
2	1	LEE TANKS	12/06/95	N	SL	20	8,618.00	0.00	0.00	3,914.01	430.90	4,344.91
3	1	SET NEW TANK	12/14/95	N	SL	20	110.00	0.00	0.00	49.96	5.50	55.46
4	1	New Water Tank	09/18/95	N	SL	20	3,693.60	0.00	0.00	1,708.29	184.68	1,892.97
5	1	5000 Gal Tank	01/08/96	N	SL	20	6,540.81	0.00	0.00	2,943.36	327.04	3,270.40
Group # 7 Total							<u>51,683.88</u>	<u>0.00</u>	<u>0.00</u>	<u>33,089.32</u>	<u>2,584.19</u>	<u>35,673.51</u>
Group # 8 TRANSMISSION & DIST. MAIN												
1	1	TRANS. & DIST. MAIN	12/31/94	N	SL	20	171,970.42	0.00	0.00	171,970.42	0.00	171,970.42
2	1	New Lines	05/20/96	N	SL	20	2,218.05	0.00	0.00	951.89	110.90	1,062.79
3	1	Capital Mains	03/31/97	N	SL	20	10,785.87	0.00	0.00	4,179.50	539.29	4,718.79
4	1	Boring Lot 596	05/21/98	N	SL	20	600.00	0.00	0.00	197.50	30.00	227.50
5	1	Boring Lot 596	05/28/98	N	SL	20	640.00	0.00	0.00	210.67	32.00	242.67
7	1	Capital Mains	07/31/98	N	SL	20	570.66	0.00	0.00	183.07	28.53	211.60
8	1	Mylo Extension	11/30/98	N	SL	20	6,470.20	0.00	0.00	1,968.02	323.51	2,291.53
9	1	New Mains	06/30/99	N	SL	20	4,454.44	0.00	0.00	1,224.96	222.72	1,447.68
10	1	New Mains	09/30/99	N	SL	20	1,634.57	0.00	0.00	429.08	81.73	510.81
11	1	New Mains	12/31/99	N	SL	20	645.38	0.00	0.00	161.35	32.27	193.62
12	1	Capital Mains	12/31/99	N	SL	20	6,349.58	0.00	0.00	1,587.40	317.48	1,904.88
13	1	Capital Mains	06/30/00	N	SL	20	1,786.05	0.00	0.00	401.85	89.30	491.15
14	1	Capital Mains	12/31/00	N	SL	20	10,292.33	0.00	0.00	2,058.48	514.62	2,573.10
15	1	Capital Mains	09/04/01	N	SL	20	36,522.29	0.00	0.00	6,087.03	1,826.11	7,913.14
16	1	New Transmission Mains	06/01/02	N	SL	20	11,599.62	0.00	0.00	1,498.28	579.98	2,078.26
Group # 8 Total							<u>266,539.46</u>	<u>0.00</u>	<u>0.00</u>	<u>193,109.50</u>	<u>4,728.44</u>	<u>197,837.94</u>
Group # 9 SERVICES												
1	1	SERVICES	12/31/94	N	SL	20	7,440.21	0.00	0.00	7,440.21	0.00	7,440.21
2	1	CAPITALIZED SERVIC	12/30/95	N	SL	20	648.54	0.00	0.00	291.87	32.43	324.30
3	1	Road Boring	08/14/95	N	SL	20	480.00	0.00	0.00	226.00	24.00	250.00
4	1	Capitalize Service	03/31/95	N	SL	20	1,356.77	0.00	0.00	661.44	67.84	729.28
5	1	Capitalize Service	06/30/95	N	SL	20	720.99	0.00	0.00	342.47	36.05	378.52
6	1	Capitalize Service	09/30/95	N	SL	20	550.81	0.00	0.00	254.75	27.54	282.29
7	1	Capital Services	06/15/96	N	SL	20	5,569.97	0.00	0.00	2,390.46	278.50	2,668.96
8	1	Capital Service	03/31/97	N	SL	20	640.37	0.00	0.00	248.15	32.02	280.17
9	1	Capital Service	06/30/97	N	SL	20	629.84	0.00	0.00	236.18	31.49	267.67
10	1	Capital Service	09/30/97	N	SL	20	39.02	0.00	0.00	14.14	1.95	16.09
11	1	CAP SERVICE	10/31/97	N	SL	20	54.35	0.00	0.00	19.49	2.72	22.21
12	1	CAP SERVICE	11/30/97	N	SL	20	288.56	0.00	0.00	102.21	14.43	116.64
13	1	CAP SERVICE	12/31/97	N	SL	20	26.65	0.00	0.00	9.31	1.33	10.64
14	1	Capital Service	01/31/98	N	SL	20	122.13	0.00	0.00	42.26	6.11	48.37
15	1	Capital Service	02/28/98	N	SL	20	157.57	0.00	0.00	53.85	7.88	61.73
16	1	Capital Service	03/31/98	N	SL	20	83.53	0.00	0.00	28.21	4.18	32.39
17	1	Capital Services	04/30/98	N	SL	20	83.60	0.00	0.00	27.87	4.18	32.05
18	1	Capital Services	06/30/98	N	SL	20	204.24	0.00	0.00	66.37	10.21	76.58
19	1	Capital Services	06/30/98	N	SL	20	112.90	0.00	0.00	36.72	5.65	42.37
20	1	Capital Services	07/31/98	N	SL	20	122.32	0.00	0.00	39.27	6.12	45.39
21	1	Capital Services	08/30/98	N	SL	20	40.36	0.00	0.00	12.79	2.02	14.81

4/13/2006

1:31

CHINO MEADOWS II WATER COMPANY

Federal ID #:

Asset Summary - Federal Tax Basis

Period Ended 12/31/05

Company: CMW

Page: 3

<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 9 SERVICES (Continued)												
22	1	Capital Services	10/31/98	N	SL	20	51.60	0.00	0.00	15.91	2.58	18.49
23	1	Capital Services	11/30/98	N	SL	20	591.45	0.00	0.00	179.88	29.57	209.45
24	1	Service Install	12/25/98	N	SL	20	359.09	0.00	0.00	107.70	17.95	125.65
25	1	New Services	03/31/99	N	SL	20	194.98	0.00	0.00	56.06	9.75	65.81
26	1	New Services	06/30/99	N	SL	20	1,284.18	0.00	0.00	353.15	64.21	417.36
27	1	New Services	09/30/99	N	SL	20	557.23	0.00	0.00	146.27	27.86	174.13
28	1	New Services	12/31/99	N	SL	20	533.18	0.00	0.00	133.30	26.66	159.96
29	1	Capital Service	12/31/99	N	SL	20	1,866.05	0.00	0.00	466.50	93.30	559.80
30	1	Capital Service	12/31/00	N	SL	20	1,273.05	0.00	0.00	254.60	63.65	318.25
31	1	Capital Service	02/28/01	N	SL	20	2,674.09	0.00	0.00	512.52	133.70	646.22
32	1	Services	06/01/02	N	SL	20	1,309.53	0.00	0.00	169.15	65.48	234.63
Group # 9 Total							30,067.16	0.00	0.00	14,939.06	1,131.36	16,070.42
Group # 10 METERS												
1	1	METERS	12/31/94	N	SL	20	36,858.30	0.00	0.00	29,707.20	1,842.92	31,550.12
2	1	CAPITALIZED METE	12/30/95	N	SL	20	752.33	0.00	0.00	338.58	37.62	376.20
3	1	Capitalize Meters	03/31/95	N	SL	20	997.50	0.00	0.00	486.33	49.88	536.21
4	1	Capitalize Meters	06/30/95	N	SL	20	575.69	0.00	0.00	273.41	28.78	302.19
5	1	Capitalize Meters	09/30/95	N	SL	20	570.09	0.00	0.00	263.63	28.50	292.13
6	1	Capital Meters	06/15/96	N	SL	20	7,329.01	0.00	0.00	3,145.36	366.45	3,511.81
7	1	Capital Meters	03/31/97	N	SL	20	679.50	0.00	0.00	263.34	33.98	297.32
8	1	Capital Meters	06/30/97	N	SL	20	950.00	0.00	0.00	356.25	47.50	403.75
9	1	Capital Meters	09/30/97	N	SL	20	370.32	0.00	0.00	134.27	18.52	152.79
10	1	CAP METERS	10/31/97	N	SL	20	246.96	0.00	0.00	88.51	12.35	100.86
11	1	CAP METERS	11/30/97	N	SL	20	187.10	0.00	0.00	66.30	9.36	75.66
12	1	CAP METERS	12/31/97	N	SL	20	123.44	0.00	0.00	43.19	6.17	49.36
13	1	Capital Meters	01/31/98	N	SL	20	127.52	0.00	0.00	44.12	6.38	50.50
14	1	Capital Meters	02/28/98	N	SL	20	401.65	0.00	0.00	137.22	20.08	157.30
15	1	Capital Meters	03/31/98	N	SL	20	176.36	0.00	0.00	59.53	8.82	68.35
16	1	Capital Meters	04/30/98	N	SL	20	318.80	0.00	0.00	106.27	15.94	122.21
17	1	Capital Meters	06/30/98	N	SL	20	454.75	0.00	0.00	147.81	22.74	170.55
18	1	Capital Meters	06/30/98	N	SL	20	255.04	0.00	0.00	82.88	12.75	95.63
19	1	Capital Meters	07/31/98	N	SL	20	224.00	0.00	0.00	71.87	11.20	83.07
20	1	Capital Meters	08/30/98	N	SL	20	292.14	0.00	0.00	92.53	14.61	107.14
21	1	Capital Meters	09/30/98	N	SL	20	235.98	0.00	0.00	73.75	11.80	85.55
22	1	Capital Meters	10/31/98	N	SL	20	259.79	0.00	0.00	80.10	12.99	93.09
23	1	Capital Meters	11/30/98	N	SL	20	1,084.44	0.00	0.00	329.84	54.22	384.06
24	1	Meter Install	12/25/98	N	SL	20	429.25	0.00	0.00	128.76	21.46	150.22
25	1	New Meters	03/31/99	N	SL	20	782.48	0.00	0.00	224.94	39.12	264.06
26	1	New Meters	06/30/99	N	SL	20	795.23	0.00	0.00	218.68	39.76	258.44
27	1	New Meters	09/30/99	N	SL	20	322.08	0.00	0.00	84.53	16.10	100.63
28	1	New Meters	12/31/99	N	SL	20	719.74	0.00	0.00	179.95	35.99	215.94
29	1	New Meter	12/31/99	N	SL	20	34.72	0.00	0.00	8.70	1.74	10.44
30	1	Capital Meters	06/30/00	N	SL	20	1,234.52	0.00	0.00	277.78	61.73	339.51
31	1	Capital Meters	12/31/00	N	SL	20	1,040.55	0.00	0.00	208.12	52.03	260.15
32	1	Capital Meters	04/20/01	N	SL	20	1,319.36	0.00	0.00	241.89	65.97	307.86
33	1	New Meters	06/01/02	N	SL	20	2,736.41	0.00	0.00	353.45	136.82	490.27
34	1	Water Meters	06/15/03	N	SL	20	11,953.69	0.00	0.00	946.33	597.68	1,544.01
Group # 10 Total							74,838.74	0.00	0.00	39,265.42	3,741.96	43,007.38
Group # 11 OTHER PLANT STRUCTURES												
1	1	OTHER PLANT STRU	12/31/94	N	SL	20	1,304.73	0.00	0.00	1,227.40	65.24	1,292.64
2	1	Various Additions	07/10/04	N	SL	20	15,174.88	0.00	0.00	379.37	758.74	1,138.11
Group # 11 Total							16,479.61	0.00	0.00	1,606.77	823.98	2,430.75

4/13/2006

1:31

CHINO MEADOWS II WATER COMPANY

Federal ID #:

Asset Summary - Federal Tax Basis

Period Ended 12/31/05

Company: CMW

Page: 4

Num	Loc	Property Description	Acquired	T	Method	Life	Cost/Basis	179 Exp/AFD	Add SDA	Prior Depr.	Current Depr.	Ending Depr.
Group # 12 OFFICE FURN. & FIXTURES												
1	1	OFFICE FURN. & FIXT	12/31/94	N	SL	20	3,513.40	0.00	0.00	2,431.70	175.67	2,607.37
2	1	Computer	07/23/96	N	SL	20	2,683.25	0.00	0.00	1,129.18	134.16	1,263.34
3	1	Printer	12/31/98	N	SL	20	354.85	0.00	0.00	106.44	17.74	124.18
4	1	Computer	02/10/99	N	SL	20	1,949.66	0.00	0.00	576.76	97.48	674.24
5	1	Fax Machine	10/08/99	N	SL	20	119.99	0.00	0.00	31.50	6.00	37.50
Group # 12 Total							8,621.15	0.00	0.00	4,275.58	431.05	4,706.63
Group # 13 TRANSPORTATION EQUIPMENT												
1	1	TRANSPORTATION E	12/31/94	N	SL	20	4,103.44	0.00	0.00	2,778.20	205.17	2,983.37
3	1	1975 Ford Water Truck	02/22/96	N	SL	20	7,500.00	0.00	0.00	3,312.50	375.00	3,687.50
8	1	1977 Ford Dump	03/21/97	A	SL	20	500.00	0.00	0.00	193.75	25.00	218.75
9	1	1977 Ford Dump	03/26/97	A	SL	20	3,000.00	0.00	0.00	1,162.50	150.00	1,312.50
10	1	1998 Ford	07/03/98	N	SL	20	11,286.96	0.00	0.00	3,668.27	564.35	4,232.62
11	1	New Truck	10/29/99	N	SL	20	12,508.51	0.00	0.00	3,231.39	625.43	3,856.82
12	1	2000 Automobile	01/02/04	N	SL	20	32,989.26	0.00	0.00	1,649.46	1,649.46	3,298.92
Group # 13 Total							71,888.17	0.00	0.00	15,996.07	3,594.41	19,590.48
Group # 14 POWER OPERATED EQUIPMENT												
2	1	NEW BACKHOE	12/27/95	N	SL	20	23,500.00	0.00	0.00	10,575.00	1,175.00	11,750.00
5	1	Power Compactor	02/22/96	U	SL	20	1,000.00	0.00	0.00	441.67	50.00	491.67
7	1	Grader	06/11/97	N	SL	20	204.47	0.00	0.00	77.50	10.22	87.72
Group # 14 Total							24,704.47	0.00	0.00	11,094.17	1,235.22	12,329.39
Group # 15 COLLECTING & IMPOUND.												
2	1	Fence Small Tanks	01/20/95	N	SL	20	670.16	0.00	0.00	332.31	33.51	365.82
3	1	Fence Lot 637	02/17/95	N	SL	20	92.02	0.00	0.00	45.23	4.60	49.83
4	1	Fence Lot 637	02/17/95	N	SL	20	64.56	0.00	0.00	31.76	3.23	34.99
5	1	Fence	05/13/98	N	SL	20	3,523.00	0.00	0.00	1,174.33	176.15	1,350.48
Group # 15 Total							4,349.74	0.00	0.00	1,583.63	217.49	1,801.12
Group # 16 SUPPLY MAINS												
2	1	MT Cntry/New Meter	06/09/95	N	SL	20	647.01	0.00	0.00	310.02	32.35	342.37
3	1	ROAD CUT	01/23/97	N	SL	20	80.00	0.00	0.00	31.67	4.00	35.67
4	1	PUMPHOUSE	11/30/97	N	SL	20	282.20	0.00	0.00	99.95	14.11	114.06
Group # 16 Total							1,009.21	0.00	0.00	441.64	50.46	492.10
Group # 17 TOOLS, SHOP & GARAGE EQUIP												
2	1	Lawn Mower	04/07/95	N	SL	20	269.95	0.00	0.00	131.62	13.50	145.12
3	1	Weed Burner	02/08/99	N	SL	20	157.22	0.00	0.00	46.51	7.86	54.37
4	1	New Tools	06/10/99	N	SL	20	522.01	0.00	0.00	145.73	26.10	171.83
Group # 17 Total							949.18	0.00	0.00	323.86	47.46	371.32
Group # 18 HYDRANTS												
1	1	Fire Hydrants	06/15/96	M	SL	20	6,946.43	0.00	0.00	2,981.16	347.32	3,328.48
2	1	CMIV	03/31/97	N	SL	20	5,095.12	0.00	0.00	1,974.39	254.76	2,229.15
Group # 18 Total							12,041.55	0.00	0.00	4,955.55	602.08	5,557.63

/13/2006
1:31

CHINO MEADOWS II WATER COMPANY
Federal ID #:
Asset Summary - Federal Tax Basis
Period Ended 12/31/05

Company: CMW
Page: 5

<u>Line</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 20 OFFICE EQUIP. & SOFTWARE												
1	1	Water Company Softwar	04/20/04	N	SL	20	20,653.05	0.00	0.00	688.44	1,032.65	1,721.09
2	1	Computer Peripheral Eq	08/04/04	N	SL	20	1,430.45	0.00	0.00	29.80	71.52	101.32
Group # 20 Total							<u>22,083.50</u>	<u>0.00</u>	<u>0.00</u>	<u>718.24</u>	<u>1,104.17</u>	<u>1,822.41</u>
Grand Total							<u>728,237.21</u>	<u>0.00</u>	<u>0.00</u>	<u>382,541.43</u>	<u>26,211.75</u>	<u>408,753.18</u>

12:29 PM

03/23/06

Accrual Basis

CHINO MEADOWS II WATER CO., INC.

Profit & Loss

January through December 2005

	Jan - Dec 05
6680.00 · Tax - Other	
6680.01 · Department of Economic Sec	40.69
6680.02 · Town of Chino Valley	7,045.24
6680.05 · Miscel Tax	95.67
Total 6680.00 · Tax - Other	7,181.60
6681.00 · Property Tax	16,030.75
Total Expense	345,500.67
Net Ordinary Income	8,463.07
Other Income/Expense	
Other Expense	
7427.00 · Interest Expense	
7427.02 · Bank One Interes	202.67
7427.03 · Loan Interest	4,336.43
7427.05 · Wells Farge Interest	1,125.02
7427.08 · 2000 Lincoln Int	124.03
Total 7427.00 · Interest Expense	5,788.15
78010 · Other Expenses	164.82
Total Other Expense	5,952.97
Net Other Income	-5,952.97
Net Income	2,510.10

CHINO MEADOWS II WATER CO., INC.

Balance Sheet

As of December 31, 2005

	Dec 31, 05
ASSETS	
Current Assets	
Checking/Savings	
131.01 · The Stockman's Bank	40,458.15
Total Checking/Savings	40,458.15
Accounts Receivable	
1200 · Accounts Receivable	243.82
Total Accounts Receivable	243.82
Other Current Assets	
1120 · Inventory Asset	1,444.80
142.00 · Prepaid State Income Taxes	1,842.00
142.01 · Prepaid Federal Income Tax	3,667.00
151.00 · Plant Materials & Supplies	
151.01 · Hughes	1,298.08
151.03 · Miscellaneous Inventory	1,112.58
151.00 · Plant Materials & Supplies - Other	6.01
Total 151.00 · Plant Materials & Supplies	2,416.67
Total Other Current Assets	9,370.47
Total Current Assets	50,072.44
Fixed Assets	
1108.00 · Acum. Deprec & Amort of Util Pl	-408,753.18
1301.00 · Organization	6,843.02
1303.00 · Land & Land Rights	15,204.06
1304.00 · Structures & Improvements	44,339.01
1305.00 · Collecting & Impounding Reservo	4,349.74
1307.00 · Wells & Springs	27,448.37
1309.00 · Supply Mains	1,009.20
1311.00 · Pumping Equipment	43,340.98
1320.00 · Water Treatment Equipment	2,804.75
1330.00 · Distribution Reservoirs & Stand	51,683.88
1331.00 · Transmission & Distribution Mai	266,539.46
1333.00 · Services	30,067.16
1334.00 · Meters & Meter Installation	74,838.74
1335.00 · Hydrants	12,041.55
1339.00 · Other Plant & Misc Equipment	16,479.61
1340.00 · Office Furniture & Equipment	8,621.15
1341.00 · Transportation Equipment	
1341.01 · Service Truck-98 FORD	11,286.96
1341.00 · Transportation Equipment - Other	27,611.95
Total 1341.00 · Transportation Equipment	38,898.91
1343.00 · Tools, Shop & Garage Equipment	949.18
1345.00 · Power Operated Equipment	
1345.03 · Cent 2" Pump	700.12
1345.00 · Power Operated Equipment - Other	24,704.47
Total 1345.00 · Power Operated Equipment	25,404.59
1349.00 · Computers & Software	22,083.50
1350.00 · Officer Transportation 2000 Lin	32,989.26
Total Fixed Assets	317,182.94
Other Assets	
1141.00 · Customer Accounts Receivable	
1141.04 · Loan-Myron Kimberly	500.00
1141.00 · Customer Accounts Receivable - Other	25,534.38
Total 1141.00 · Customer Accounts Receivable	26,034.38

CHINO MEADOWS II WATER CO., INC.

03/23/06

Balance Sheet

Accrual Basis

As of December 31, 2005

	<u>Dec 31, 05</u>
1141.03 · Loan-BSB	103.56
Total Other Assets	<u>26,137.94</u>
TOTAL ASSETS	<u>393,393.32</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	2,699.56
Total Accounts Payable	<u>2,699.56</u>
Other Current Liabilities	
2100 · Payroll Liabilities	5,658.21
2231.00 · Note Payable to PDL	927.22
2232.03 · Paul D. Levie, P.C.	24,000.00
2234.04 · Paul D. Levie P.C.	23,483.27
2235.00 · Customer Deposits	43,529.09
2236.20 · Sales Tax Payable	2,700.76
2252.00 · Advances for Construction	100,351.70
2252.01 · Main Line Extension	440.00
2252.02 · Main Line-Barros 1755	1,143.67
2252.03 · Main Line-Hoffman 1647	2,625.79
2252.04 · Line Ext-Garote 1742	926.09
2252.05 · Line Ext-Schuerman 1694	2,452.61
2252.06 · Line Ext-Garrison 1633	4,026.48
2252.07 · Line Ext-Cross	2,137.58
2252.08 · Line Ext-Ouelett	1,181.55
2252.09 · Line Ext-Landmark	2,799.00
2252.10 · Line Ext-Oursland	1,271.14
2271.00 · Contribution In Aid of Construc	12,473.78
2272.00 · Accum. Amortiza. of Cont Aid Co	-2,630.87
Total Other Current Liabilities	<u>229,497.07</u>
Total Current Liabilities	<u>232,196.63</u>
Long Term Liabilities	
2224.00 · Long-Term Debt	4,269.64
2224.02 · Bank One Loan	
224.021 · Bank One 2000 Lincoln	717.23
Total 2224.02 · Bank One Loan	<u>717.23</u>
Total Long Term Liabilities	<u>4,986.87</u>
Total Liabilities	<u>237,183.50</u>
Equity	
31110 · Retained Earnings	-34,209.69
3201.00 · Common Stock Issued	8,597.00
3211.00 · Other Paid-In Capital	80,266.00
3215.01 · Opening Bal Equity	142,148.68
3220.00 · Treasury Stock	-43,102.27
Net Income	2,510.10
Total Equity	<u>156,209.82</u>
TOTAL LIABILITIES & EQUITY	<u>393,393.32</u>

12:29 PM

CHINO MEADOWS II WATER CO., INC.

03/23/06

Profit & Loss

Accrual Basis

January through December 2005

	Jan - Dec 05
Ordinary Income/Expense	
Income	
4421.00 · Nonutility Income	3.03
4461.00 · Metered Sales Revenue	344,633.05
4474.00 · Other Water Revenue	
4474.01 · Establishment Fee	2,833.84
4474.02 · Late Charges	2,960.12
4474.03 · Reconnect Fee	2,882.91
4474.04 · Returned Check Charge	272.00
4474.06 · Collection Fee	57.88
4474.07 · Miscellaneous Income	245.91
4474.00 · Other Water Revenue - Other	75.00
Total 4474.00 · Other Water Revenue	9,327.66
Total Income	353,963.74
Cost of Goods Sold	
5100 · Direct Labor	0.00
Total COGS	0.00
Gross Profit	353,963.74
Expense	
Employee Schooling	90.00
Repairs of Pumps	2,545.29
Student Schooling	95.00
void	0.00
6101 · Meals	420.30
6102 · Travel & Entertainment	
6102.03 · Entertainment	717.85
Total 6102 · Travel & Entertainment	717.85
6120 · Bank Service Charges	2.00
6403 · Depreciation	26,211.75
6615.00 · Purchased Power	
6615.01 · APS/Lot 1035	4,928.87
6615.02 · APS/Lot 295	518.08
6615.03 · APS/Lot 638 Donna	7,381.17
6615.04 · 24 Cactus Wren	2,944.90
6615.05 · 2465 Shane Dr	1,259.70
Total 6615.00 · Purchased Power	17,032.72
6620.00 · Materials & Supplies	
6620.18 · Shop Supplies (Misc)	4,822.78
6620.03 · Pagers	521.43
6620.05 · Miscel Part & Materials	5,391.29
6620.06 · Pumps Phone	2,611.57
6620.08 · Lease Equip-Equest Construc	38.27
6620.09 · Home Depot	322.47
6620.11 · Water Co. Cell Phones	3,041.26
6620.13 · Shop Tools	4,769.89
6620.14 · Shop/Phone	254.30
6620.15 · Alarm Monitoring/Shop	193.89
6620.16 · AZ GEN/ACE HARDWARE	4,519.80
6620.17 · Equipment Rental	496.92
6620.18 · Santation-Porta Pott	543.19
6620.19 · Equipment Repair	2,484.47
6620.00 · Materials & Supplies - Other	1,643.38
Total 6620.00 · Materials & Supplies	31,654.91

CHINO MEADOWS II WATER CO., INC.**Profit & Loss**

January through December 2005

	Jan - Dec 05
6621.00 · Office Supplies & Expense	
6621.01 · Office Phone	642.64
6621.02 · Misc Office Supply	5,506.13
6621.03 · Postage	4,258.50
6621.04 · Long Distance	457.29
6621.05 · Office Equip Use	1,118.26
6621.06 · Trash Pick Up	1,243.88
6621.07 · Electric-Office	-573.27
6621.08 · INTERNET SERV	959.49
6621.09 · Misc Office Expense	5,409.60
6621.10 · Software Support	2,640.00
Total 6621.00 · Office Supplies & Expense	21,662.52
6630.00 · Contractual Services	
6630.01 · Contract Labor	22,720.88
6630.02 · Miscel Contract Services	1,089.45
6630.05 · Contractual	5,095.35
Total 6630.00 · Contractual Services	28,905.68
6630.04 · Legal Fees	14,051.01
6635 · Contractual Services-Testing	
6635.01 · Water tests	512.00
6635.02 · Water Test/Periodic	3,639.00
6635.03 · Employee Drug Testing	95.00
Total 6635 · Contractual Services-Testing	4,246.00
6638 · Management Services	24,000.00
6640 · Bonuses	0.00
6640.00 · Rents	9,000.00
6650.00 · Transportation	
650.03 · Backhoe	4,021.64
650.04 · Grader/Scraper	263.94
650.05 · 1977 Ford Dump	13.89
650.08 · 98 Ford Ranger	1,325.90
6650.01 · Gas -	
650.011 · 98 Ranger	1,888.82
650.012 · 2000 Ranger	889.72
650.014 · Gas - Water co	121.34
650.015 · Fuel - Offroad	1,962.28
650.016 · Fuel - Red Dump	28.49
6650.01 · Gas - - Other	1,312.07
Total 6650.01 · Gas -	6,202.72
6650.09 · Miscel Transportation	4,645.67
6650.10 · Service Truck 2000	820.27
6650.11 · ATV-Meter Read	36.89
6650.12 · Officer Transportation	6,522.22
6650.16 · 98 Dodge	7.64
6650.17 · Red Dump Truck	67.09
6650.18 · New Back Hoe	1,390.49
6650.19 · 1973 Ford F-700 Truck & Trailer	1,253.69
6650.00 · Transportation - Other	537.34
Total 6650.00 · Transportation	27,109.39
6655.00 · Insurance Expense	
6655.02 · State Fund	780.00
6655.03 · General Liability	14,078.00
Total 6655.00 · Insurance Expense	14,858.00
6656 · Payroll Expenses	89,399.31
6659 · Taxes - Payroll	8,041.28
6661.00 · Dues and Memberships	784.10
6664.00 · Equipment Rental	-15.00
6665.00 · Regulatory Commission	45.00
6675.00 · Miscellaneous Expense	409.00
6676 · Licenses & Permits	1,022.21

12:29 PM
03/23/06
Accrual Basis

CHINO MEADOWS II WATER CO., INC.
Profit & Loss
January through December 2005

	Jan - Dec 05
6680.00 · Tax - Other	
6680.01 · Department of Economic Sec	40.69
6680.02 · Town of Chino Valley	7,045.24
6680.05 · Miscel Tax	95.67
Total 6680.00 · Tax - Other	7,181.60
6681.00 · Property Tax	16,030.75
Total Expense	345,500.67
Net Ordinary Income	8,463.07
Other Income/Expense	
Other Expense	
7427.00 · Interest Expense	
7427.02 · Bank One Interes	202.67
7427.03 · Loan Interest	4,336.43
7427.05 · Wells Farge Interest	1,125.02
7427.08 · 2000 Lincoln Int	124.03
Total 7427.00 · Interest Expense	5,788.15
78010 · Other Expenses	164.82
Total Other Expense	5,952.97
Net Other Income	-5,952.97
Net Income	2,510.10

CHINO MEADOWS II WATER CO., INC.**Statement of Cash Flows**

January through December 2005

	<u>Jan - Dec 05</u>
OPERATING ACTIVITIES	
Net Income	2,510.10
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Accounts Receivable	-243.82
1120 · Inventory Asset	-1,444.80
142.01 · Prepaid Federal Income Tax	-2,739.00
151.00 · Plant Materials & Supplies	-6.01
151.00 · Plant Materials & Supplies:151.01 · Hughes	725.74
2000 · Accounts Payable	-415.92
2100 · Payroll Liabilities	-18,206.32
2232.03 · Paul D. Levie, P.C.	24,000.00
2232.04 · Loan-GMWCo	-22,000.00
2232.06 · Loan fom ALWC	-6,000.00
2232.07 · Loan LFLP	-4,000.00
2235.00 · Customer Deposits	11,451.21
2236.00 · Accrued Taxes	19,100.55
2236.20 · Sales Tax Payable	-195.22
2252.00 · Advances for Construction	-2,183.61
Net cash provided by Operating Activities	<u>352.90</u>
INVESTING ACTIVITIES	
1103.00 · Property Held for Future Use	298.47
1108.00 · Acum. Deprec & Amort of Util PI	26,211.75
1345.00 · Power Operated Equipment:1345.03 · Cent 2" Pump	-700.12
1141.00 · Customer Accounts Receivable	487.48
1141.00 · Customer Accounts Receivable:1141.04 · Loan-Myr...	-500.00
Net cash provided by Investing Activities	<u>25,797.58</u>
FINANCING ACTIVITIES	
2224.00 · Long-Term Debt	-12,439.06
2224.02 · Bank One Loan:224.021 · Bank One 2000 Lincoln	-7,036.34
3215.01 · Opening Bal Equity	-28.99
Net cash provided by Financing Activities	<u>-19,504.39</u>
Net cash increase for period	6,646.09
Cash at beginning of period	<u>33,812.06</u>
Cash at end of period	<u><u>40,458.15</u></u>